

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 2/1/17 to 2/28/17

MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit / Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	Note (1)	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X	Note (1)	
Schedule of Professional Fees Paid	MOR-1b	X	Note (2)	
Copies of bank statements			Available upon request	
Cash disbursements journals			Available upon request	
Statement of Operations	MOR-2	X	Note (3,4)	
Balance Sheet	MOR-3	X	Note (3,4)	
Status of Post-petition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Post-petition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X	Note (5)	

See accompanying notes on following page.

Note:

The financial information provided in this Monthly Operating Report ("MOR") is provided based on the best information available, the source of which is unaudited and untested. If the books and records were audited or tested further, the information provided may differ from that presented in this MOR, possibly by material amounts.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual*

Date

Robert S. Rosenfeld

Printed Name of Authorized Individual

Chief Restructuring Officer

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re:

Chapter 11

DOWLING COLLEGE

Case No. 16-75545 (REG)

Debtor.

**GLOBAL NOTES REGARDING
DEBTOR'S MONTHLY OPERATING REPORT**

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in these chapter 11 cases and is in a format acceptable to the United States Trustee. The financial information contained in the MOR is preliminary and unaudited, and as such may be subject to revision. The information in the MOR should not be viewed as indicative of future results.

The accompanying Preliminary Unaudited Financial Statements of Dowling College have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America using information from the Debtor's accounting sub ledger and general ledger systems.

While Debtor's management has made reasonable efforts to ensure that the MOR is accurate and complete, based upon information that was available to them at the time of preparation, subsequent information may result in material changes to the MOR. Moreover, because the MOR contains unaudited information, which is subject to further review and potential adjustment, there can be no assurance that this MOR is complete. The Debtor reserves all rights to amend the MOR from time to time, in all respects, as may be necessary or appropriate. These global notes regarding the Debtor's MOR ("**Global Notes**") comprise an integral part of the MOR and should be referred to and considered in connection with any review of the MOR.

Specific Notes.

Endowment Funds. Temporarily restricted net assets consist of various donor-restricted amounts for academic programs, scholarships, and revenue for future periods (i.e., contributions receivable and accumulated gains on endowment funds). Permanently restricted net assets represent endowment corpus, which provides investment income principally for scholarships. Dowling's endowment consists of approximately 55 individual funds established for a variety of purposes, including donor-restricted endowment funds. Dowling's management and investment of donor-restricted endowment funds is subject to the provisions of New York Prudent Management of Institutional Funds Act (NYPMIFA).

Pursuant to the investment policy approved by the board of trustees of Dowling, Dowling has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as Dowling deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Dowling records the remaining portion of the donor-restricted endowment fund that is not permanently restricted, as temporarily restricted until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Levied Bank Accounts. Prior to the Petition Date, the Debtor's funds on deposit at TD Bank, NA (approximately \$506,000) that were included in 4 separate bank accounts were removed from the accounts and placed in separate holding accounts by TD Bank, NA in accordance with its internal procedures and following receipt of certain Restraining Notices served pursuant to NY CPLR Section 5222(b) filed by certain prepetition judgment creditors. Included in these restrained funds may have been certain restricted funds. Consistent with the Final Cash Management Order referred to above, the Debtor is in the process of evaluating the restrictions on these funds. The Debtor has made written demand for turnover of these funds from TD Bank, NA. In February 2017, TD Bank reinstated three of the levied accounts to their pre-levied balances in the original bank accounts from where the funds were removed. For the fourth account, TD Bank remitted a check to the Debtor in the amount of the pre-levied balance. Upon receipt of these funds, the Debtor transferred these funds to four new DIP accounts maintained at Signature Bank in the same amounts and titles of the accounts that were maintained at TD Bank.

Sale of Residential Properties. Pursuant to Court Order, during December 2016 and January 2017 the Debtor has sold 8 residential properties located near the Oakdale, Long Island Campus. In accordance with the Court Order, the net proceeds (after closing costs and realtor commissions relating to these sales) were paid directly to the secured lender that held the lien on these properties. Following is a summary of the funds relating to these sales:

	# of sales	Total Sales Price	Cost of Sales (1)	Paid to Secured Lender
2016	5	1,594,500.00	78,048.53	1,516,451.47
2017	3	1,143,000.00	30,271.63	1,112,728.37
	8	2,737,500.00	108,320.16	2,629,179.84

(1) Includes realtor commissions and other closing costs.

Since the proceeds and costs relating to the sales did not flow through the Debtor's bank accounts, the Debtor has included a column in schedule MOR-1 that reports the cash flow relating to these sales. All 8 transactions have been included in the Debtor's January 2017 MOR.

Self-Insured Medical and Dental benefit plan. The Debtor maintained self-insured employee medical and dental benefit plans (the "**Health Plans**"). Under the provisions of the Health Plans, two third party administrators, CIGNA and Health Plex, provided claims processing and administrative functions, for the Medical and Dental coverage, respectively. Upon the closing of the Debtor's operations in June 2016, this Health Plan was terminated. The U.S. Department of Labor is in the process of evaluating the outstanding unpaid claims under these Health Plans. As of the Petition Date, the Debtor was unable to quantify the total amount of claims to be potentially asserted in relation to the termination of the Health Plans due to, among other reasons, the fact that many claims may be unqualified for coverage or disallowed under the Health Plan. In addition, the Debtor's, former third party administrators ("TPA's") of the Health Plans have stated that they will not agree to process the associated claim. Finally, the Debtor is presently unable to determine which parties actually hold the claims for monetary loss associated with the Health Plans termination, if any. Until further analysis can be performed, the Debtor has disclosed this issue herein, without quantification of the amounts due.

Rent Receivable

Brookhaven Residential Village

Shirley, Long Island Campus Dorm – The Debtor currently leases out its dorm located on its Shirley campus to SUNY – Stony Brook ("Stony Brook"). The lease provides for a rental charge per semester based on a rental rate applied to a minimum guaranteed number of beds occupied. The rental amounts is subject to further increases based on actual beds occupied during a certain period during the semester. The Debtor is responsible for paying for operating expenses of maintaining the dorm. The lease is due to expire after the second semester of 2017. The Debtor is exploring extension of the lease for future periods with Stony Brook. Under the terms of the lease agreement the Debtor billed the tenant for an initial billing on February 15, 2017, based on the minimum number of beds occupied, plus a \$40,000 damage deposit to be returned to Stony Brook at the end of the semester if not utilized. The total amount billed to Stony Brook on February 15th was approximately \$563,000. This amount was reduced by Stony Brook by approximately \$79,000, due to the Debtor's obligation to pay for mandatory fire law improvements on the dorm. On February 28, 2017, Stony Brook mailed its rent payment of approximately \$484,000 (including the \$40,000 damage deposit) to UMB, as Trustee of the bonds issued on the Shirley dorm and as Agent for the debtor-in-possession financing. The UMB Trustee deposited the rent check in its accounts and applied the same as against the amount owed under the applicable financing. Under the terms of the interim DIP financing arrangement, proceeds received from rent payments would be required to be used as a mandatory paydown based on a waterfall formula prescribed in the DIP Financing Agreement. The Debtor has requested the lender to remit back the \$40,000 damage deposit as these funds are to be held by the Debtor for the benefit for Stony Brook. As of February 28, 2017, the Debtor recorded a receivable due from the Lender and a security deposit payable of \$40,000 on its balance sheet relating to this

damage deposit. However, under applicable non-bankruptcy law, the Debtor believes that the damage deposit is considered non-estate property.

Oakdale Residential Houses - Tenant Receivables

As of February 28, 2017, the Debtor maintained 9 houses that are occupied by holdover tenants under what were most recently month to month lease arrangements. During the liquidation process, the Debtor has determined that it will need to vacate the holdover tenants occupying these houses in order to maximize the liquidation value of the same. As landlord, the Debtor has commenced the process of vacating these properties.

Student Receivables

The Debtor continues to evaluate the collectability of its receivables due from former students of the College. The Debtor's balance sheet may not reflect the ultimate realization experience of such receivable balances. The Debtor continues to explore ways to maximize value of these receivables.

Pending Litigation

The Debtor is subject to lawsuits and claims that arise out of its operations in the normal course of business. The Debtor is a defendant in various litigation matters, some of which involve claims for damages that are substantial in amount. The Debtor believes it has meritorious defenses to the claims made and intends to contest the claims vigorously. Currently, the Debtor is unable to express an opinion as to the likely outcome of this litigation; therefore, as required by authoritative accounting guidance, no liabilities are reflected in the accompanying unaudited financial statements related to these claims. An unfavorable outcome could have a materially adverse effect on the Debtor's financial position and results of operations.

In re: Dowling College
Schedule of Cash Receipts and Disbursements

MOR-1
CASE NO. 16-75545 (REG)
REPORTING PERIOD: JANUARY 2017

	BANK ACCOUNTS											
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Signature-Flex Spending Acct- 3912 (1), (2)	Signature - Student Activity Acct - 3947 (1), (2)	Signature-Sewage Treatment Replacement Acct- 3920 (1), (2)	Signature-Sewage Treatment Reserve Acct - 3939 (1), (2)	Capital One-6182 (3)	TD Bank- Operating Acct- 7019	TD Bank (levied funds) (1)
CASH BEGINNING OF PERIOD	26,665	57,736	36,973	3,367	44,882	-	-	-	-	46,327	1,322	368,199
RECEIPTS												
Cash Receipts	\$ 36,165											
Net Transfers From/(To) Accounts	518,171	(220,357)	(49,082)	(9,166)	(238,245)	16,157	368,199	60,516	60,560		(1,322)	(368,199)
DIP Funding		281,437	74,842	6,316	441,349							
Proceeds from sale of real estate												
Voided checks	7,136											
Other												
Total Receipts	\$ 561,472	\$ 61,080	\$ 25,760	\$ (2,850)	\$ 203,104	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ -	\$ (1,322)	\$ (368,199)
DISBURSEMENTS												
Payroll & Benefits	49,357											
Telephone and cable	2,003											
Outside Services	366											
Landscaping & Snow Removal	12,980											
Utilities	109,553											
Security	81,533											
Fire & Safety	39,020											
Repairs & Maintenance	7,532											
Insurance	35,058											
Chemical Removal												
Waste Removal	1,565											
Sewage Treatment	4,416											
Property Taxes												
Permits & licenses	234											
Payroll Processing	608											
Union Benefits	1,270											
Computer expense												
Finance Fees					-							
Debt Paydowns	45,200											
Retained Professionals												
Claims Noticing Agent	55,073											
Interim Management-CRO	98,720											
Bank Charges												
Storage	484											
Other	2,748											
Return of Tenant security deposits												
Real estate cost of sales	16,298											
US Trustee Fees												
Other Bankruptcy Related Charges												
Total Disbursements	\$ 564,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow												
Net Cash Flow	\$ (2,545)	\$ 61,080	\$ 25,760	\$ (2,850)	\$ 203,104	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ -	\$ (1,322)	\$ (368,199)
Cash - End Of Period⁽⁴⁾												
Cash - End Of Period ⁽⁴⁾	\$ 24,120.83	\$ 118,815.83	\$ 62,733.72	\$ 517	\$ 247,987	\$ 16,157	\$ 368,199	\$ 60,516	\$ 60,560	\$ 46,327	\$ -	\$ -

(1) Funds were levied by TD Bank prepetition pursuant to judgement order. In January, funds were released by TD Bank back to original accounts; and then transferred to Signature Bank accounts.

(2) Debtor is currently investigating if these funds are restricted.

(3) Bank accounts maintained for tenant security deposits.

(4) During February 2017, a tenant of the Debtor, Stony Brook University, sent their rent check for the 2nd semester of 2017 to to UMB, Trustee for the Oppenheimer Bonds. UMB deposited the rent check into its Trust accounts on behalf of the Bond indenture. Included in the rent payment was a damage deposit of \$40,000 that should be remitted back to the Debtor to be held on behalf of the tenant. The Debtor has requested these funds to be remitted back to the estate.

(5) Pursuant to Court Order, proceeds from the sale of the Debtor's residential real estate located in Oakdale, NY were paid directly to the secured lender that held the liens on these properties.

Since the funds were paid directly to the lender and third parties, no funds related to these transactions flowed through the Debtor's bank accounts.

The amounts included above relate to activity for sales of 8 residential properties: 5 of these sales were closed in December 2016; and 3 were closed in January 2017.

The above amounts are included herein for reporting purposes only.

In re: Dowling College
Schedule of Cash Receipts and Disbursements

MOR-1
CASE NO. 16-75545 (REG)
REPORTING PERIOD: JANUARY 2017

							CURRENT PERIOD	CUMULATIVE FILING TO DATE
	TD Bank - 4257 (1)	TD Bank-3090 (1)	TD Bank-3082 (1)	US Bank -1467 (2)	Cash Activity Occurring through UMB - non-real estate activity (4)	Cash Activity occurring through UMB through Residential Sales (5)	ACTUAL	ACTUAL
CASH BEGINNING OF PERIOD	16,157	60,560	60,515	279,393	\$ -	-	\$ 1,002,097	\$ 1,045,272
RECEIPTS								
Cash Receipts					\$ 483,845		520,010	566,628
Net Transfers From/(To) Accounts	(16,157)	(60,560)	(60,515)				0	1
DIP Funding							803,944	1,759,387
Proceeds from sale of real estate							-	2,737,500
Voided checks							7,136	7,136
Other							0	26,984
Total Receipts	\$ (16,157)	\$ (60,560)	\$ (60,515)	\$ -	\$ 483,845	\$ -	\$ 1,331,090	\$ 5,097,636
DISBURSEMENTS								
Payroll & Benefits							49,357	173,392
Telephone and cable							2,003	56,231
Outside Services							366	5,144
Landscaping & Snow Removal							12,980	46,203
Utilities							109,553	202,268
Security							81,533	247,068
Fire & Safety							39,020	40,606
Repairs & Maintenance							7,532	36,864
Insurance							35,058	138,499
Chemical Removal							-	41,501
Waste Removal							1,565	3,715
Sewage Treatment							4,416	8,103
Property Taxes							-	87,763
Permits & licenses							234	484
Payroll Processing							608	3,029
Union Benefits							1,270	2,563
Computer expense							-	1,074
Finance Fees							-	107,000
Debt Paydowns					483,845		529,045	3,177,741
Retained Professionals							-	-
Claims Noticing Agent							55,073	55,073
Interim Management-CRO							98,720	200,699
Bank Charges							-	1,012
Storage							484	763
Other							2,748	5,156
Return of Tenant security deposits							-	15,981
Real estate cost of sales							16,298	174,588
US Trustee Fees							-	4,875
Other Bankruptcy Related Charges							-	20,186
Total Disbursements	\$ -	\$ -	\$ -	\$ -	\$ 483,845	\$ -	\$ 1,047,861	\$ 4,857,581
Net Cash Flow	\$ (16,157)	\$ (60,560)	\$ (60,515)	\$ -	\$ -	\$ -	\$ 283,229	\$ 240,055
Cash - End Of Period⁽⁴⁾	\$ -	\$ -	\$ -	\$ 279,393	\$ -	\$ -	\$ 1,285,326	\$ 1,285,326

**In re: Dowling College
Bank Reconciliations**

CASH AND MARKETABLE SECURITIES								
	Signature - Operating - 5448	Signature - TL A- 5456	Signature-TL B- 5464	Signature - TL C- 5472	Signature - TL D- 5480	Capital One-6182 (3)	Signature-Flex Spending Acct- 3912	Signature - Student Activity Acct - 3947
Balance Per Bank	\$ 112,328	\$ 118,816	\$ 62,734	\$ 517	\$ 247,987	\$ 46,327	\$ 16,157	\$ 368,199
Deposits in Transit	-	-	-	-	-			
Outstanding Checks and Charges	(88,207)							
Other (List)	0	-	-	-	-			
Balance per Books	24,121	118,816	62,734	517	247,987	46,327	16,157	368,199

See Notes on MOR-1

In re: Dowling College
Bank Reconciliations

	Signature-Sewage Treatment Replacement Acct- 3920	Signature-Sewage Treatment Reserve Acct - 3939	US Bank -1467 (2)	Total
Balance Per Bank	\$ 60,560	\$ 60,516	\$ 279,393	\$ 1,373,532
Deposits in Transit				\$ -
Outstanding Checks and Charges				\$ (88,207)
Other (List)				\$ 0
Balance per Books	60,560	60,516	279,393	1,285,325

See Notes on MOR-1

In re: Dowling College

MOR-1b
Case No. 16-75545 (REG)
Reporting Period: 2/1/17 to 2/28/17

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

Payee	Period Covered	Amount Covered	Payor	Amount Paid		Cumulative Filing to Date	
				Fees	Expenses	Fees	Expenses
Klestadt, Winters, Jureller, Southard & Stevens	11/29/16 to 12/31/16	80%	Debtor; utilization of retainer	\$ 114,131	\$ 2,822	\$ 114,131	\$ 2,822
Total (Excluding Duplicates)				\$ 114,131	\$ 2,822	\$ 114,131	\$ 2,822

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 2/1/17 to 2/28/17

STATEMENT OF OPERATIONS

(Income Statement)

UNAUDITED

	February 2017	CUMULATIVE FILING TO DATE
<u>Income</u>		
Rental Income	\$ 158,845	\$ 214,211
Charges on Student billing	(271)	2,754
Total Income	158,574	216,966
<u>Expenses:</u>		
Gross Payroll	45,491	188,606
Bank Charges	309	1,321
Brookhaven Dorm Maintenance	8,030	20,966
Employee Benefits	-	51
Environmental - Phase I	-	2,500
Fire & Safety Maintenance	41,458	47,827
Licenses & Permits	234	484
Payroll Tax Expense	3,454	14,576
Real Estate Taxes	14,627	150,321
Repair & Maintenance	5,079	23,036
Security	61,486	286,655
Sewage Treatment	4,416	4,662
Telephone & Cable	12,274	26,683
Union Dues	1,056	2,349
Office Supplies	122	481
Computer Supplies		1,074
Electric/Gas	138,967	288,262
Fuel Oil	2,995	10,697
Water	5,250	6,214
Insurance Expense	19,075	122,516
Waste Removal	1,565	3,715
Snow Removal	16,445	42,705
Grounds Maintenance	-	6,963
Chemical Waste Removal	-	39,001
Payroll Processing	362	3,085
Storage	12,066	12,344
Taxes & Licenses		315
Misc. Expense	392	1,081
Outside services	2,891	2,891
Temporary Help	400	3,258
Total Expense	398,444	1,314,637
Net Ordinary Income	(239,869)	(1,097,672)
<u>Other Income:</u>		
Gain on Sale of Resid. Houses	-	2,224,789
Marketing cost on sale of real estate		(66,268)
Interest & Dividends Earned	921	1,052
Change in Unrealized Gain/Loss	26,456	119,903
Miscellaneous Income	2,668	5,133
Total Other Income	30,045	2,284,609

MOR 2

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 2/1/17 to 2/28/17

STATEMENT OF OPERATIONS

(Income Statement)

UNAUDITED

	February 2017	CUMULATIVE FILING TO DATE
<u>Other Expense</u>		
Professional Fees - Chapter 11	144,801	561,547
Claims Noticing Agent	23,580	113,653
Bankruptcy Advertising Costs	-	20,186
US Trustee Fees	-	4,875
Site Planner Consulting expense	11,436	39,241
Financing Fees	-	120,058
Bond Agent Administration expense	3,438	3,438
Interim Management-CRO	103,350	316,450
Total Other Expense	286,605	1,179,447
Net Other Income	(256,561)	1,105,163
Net Income	\$ (496,430)	\$ 7,491

See Notes to Financial Statements.

MOR 3

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: February 28, 2017

**BALANCE SHEET
UNAUDITED**

	Current Month	As of Filing Date
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,294,178	\$ 1,045,272
Rent Receivable	77,328	64,105
Accounts Receivable-Other	165,907	165,907
Due from Lender	40,000	
Pledges Receivable	1,798,341	1,798,341
Prepaid Expense	661,309	753,091
Prepaid Retainers	48,520	258,659
Student Receivables-net of allowance	822,539	848,807
Total Current Assets	4,908,123	4,934,183
Plant assets, net	48,715,407	49,102,183
<u>Other Assets</u>		
Closing Costs - Bonds	2,279,438	2,279,438
Perkins Loans Receivable	1,926,102	1,962,610
Investments	5,910,066	5,789,365
Deposits	36,500	36,500
Total Other Assets	10,152,106	10,067,913
Total Assets	\$ 63,775,635	\$ 64,104,279
<u>LIABILITIES & EQUITY</u>		
<u>Liabilities - Not Subject To Compromise</u>		
Accounts Payable	\$ 204,705	\$ -
Accrued Expenses-other	91,551	-
Accrued Professional Fees	444,594	-
Deposits Payable	40,000	-
Deferred Rental Income	306,100	
<u>DIP Financing- Post petition loans:</u>		
DIP-Term Loan A	751,773	-
DiP-Term Loan B	172,778	-
DIP-Term Loan C	134,634	-
DIP - Term Loan D-Admin	700,202	-
Total DIP Financing- Post petition loans	1,759,387	-
Total Liabilities-Not Subject to Comp	2,846,337	-
<u>Liabilities-Subject to Compromise</u>		
Accounts Payable	3,978,697	3,909,307
Accrued Expenses	5,083,140	5,083,140
Other payables	91,000	91,000
Deferred Rental Income	80,491	80,491
Tenant Security Deposit Payable	42,727	62,308
Perkins A/P	1,773,535	1,774,874
Total Bonds Payable-Subject to Compromise	50,715,796	53,853,537
Total Liabilities subject to compromise	61,765,385	64,854,657
Total Liabilities	64,611,723	64,854,657
Fund Balance	(836,087)	(750,379)
Total Liabilities and Equity	\$ 63,775,635	\$ 64,104,279

See Notes to Financial Statements.

MOR-4

In re: Dowling College

Case No. 16-75545 (REG)

Reporting Period: 2/1/17 to 2/28/17

STATUS OF POSTPETITION TAXES

Federal	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No.	Ending Tax Liability
Withholding	No payroll tax liability. Gross payroll amount is remitted to the Payroll Service Company for the payment to the					
FICA-Employee	appropriate taxing authority.					
FICA-Employer						
Unemployment						
Income						\$ -
Other						-
Total Federal Taxes	\$ -	\$ -	\$ -			\$ -
State and Local						
Withholding	See Note Above					
Sales & Use						\$ -
State Income Tax						-
Excise						-
Unemployment						-
Real & Personal Property						-
Other						-
Total State and Local	-	-	-			-
Total Taxes	\$ -	\$ -	\$ -			\$ -

SUMMARY OF UNPAID POSTPETITION DEBTS (1)

Attach aged listing of accounts payable.

Number of Days Past Due	Current	0-30	31-60	61-90	Over 90	Total
Accounts Payable (2)	\$ 204,705					\$ 204,705
Wages Payable						-
Taxes Payable						-
Rent/Leases - Building						-
Rent/Leases - Equipment						-
Secured Debt/Adequate Protection Payments	1,759,387					1,759,387
Professional Fees (3)	444,594					444,594
Amounts due to Insiders*						-
Other - Accruals and deposits payable	131,551					131,551
Total Postpetition Debts	\$ 2,540,237	\$ -	\$ -	\$ -	\$ -	\$ 2,540,237

(1) Excludes liabilities recorded for deferred income or other accounting recognition adjustments.

(2) Includes consultants, such as site planner and claims servicer retained through bankruptcy court and fees subject to court order payment procedures.

(3) Subject to court order payment procedures.

* "Insider" is defined in 11 U.S.C. Section 101(31).

MOR-5

In re: Dowling College

Case No. 16-75545 (REG)
Reporting Period: 2/1/17 to 2/28/17

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		
Net Accounts Receivable at the beginning of the reporting period		\$ 848,807
+ Amounts billed during the period		
- Amounts collected during the period		\$ 26,269
- Allowances, Reserves & Write-Offs		
Net Accounts Receivable at the end of the reporting period		\$ 822,539
Accounts Receivable Aging (Gross)		
0 - 30 days old		
31 - 60 days old		
61 - 90 days old		
91+ days old		\$ 1,060,702
Adjustments & Write-Offs		
Total Accounts Receivable (Gross)		
- Unapplied Cash		
- Bad Debt Reserve		\$ 4,349,256
- Sales Return Reserve		
- Sequester Reserve		
- Contractual Allowances		
+ Other AR Activity		
Accounts Receivable (Net)		\$ 5,409,958

Note: The Accounts Receivable includes many small balances due from former students dating back to when the College was operating. The Debtor continues to evaluate these receivables and determine the net realizability of such accounts.

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below (1)	X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all post petition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). (2)	X	

(1) See discussion in the Global Notes to this MOR relating to the rent receivable payment received from Stony Brook University relating to Brookhaven Residential Village.

(2) During February 2017, the Debtor transferred funds previously held at TD Bank relating to potentially restricted funds to newly opened bank accounts at Signature Bank. These funds were previously levied prepetition, by TD Bank, and then returned to the Debtor in February 2017. See discussion in the Global Notes to this MOR relating to Levied Bank Accounts.